

**REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA**

**A REVIEW OF ADHERENCE TO STANDARDS
OF FAIR EMPLOYMENT BY 25 UNITED STATES' FIRMS
WITH BUSINESS OPERATIONS IN NORTHERN IRELAND**



Kurt R. Sjoberg, Auditor General (Acting)

State of California
Office of the Auditor General
660 J Street, Suite 300, Sacramento, CA 95814
Telephone : (916) 445-0255

December 19, 1990

P-040

Honorable Ken Maddy, Vice Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 305
Sacramento, California 95814

Dear Mr. Vice Chairman and Members:

Summary State retirement system investments with a market value of approximately \$2.4 billion are invested in 25 United States' firms with more than 25 employees in Northern Ireland. These firms must comply with the 1989 British Fair Employment Act for Northern Ireland (Fair Employment Act). We surveyed these firms to determine whether they adhered to fair employment standards embodied in the Fair Employment Act and the MacBride principles of fair employment. According to the Fair Employment Commission, all 25 firms have registered with it and have filed a report of the results of their monitoring of the religious composition of their work force as required by the Fair Employment Act. Twenty-four of the 25 firms reported that they adhere to standards of fair employment. Further, most firms responded that they have taken several actions to ensure fair employment for religious minorities. For example, most firms reported that they had assigned someone on their senior management staff to oversee their affirmative action program. In addition, most firms have reported evaluating job criteria to ensure that the criteria do not unfairly discriminate against religious minorities. Further, most firms reported that

they had assessed or provided for the security needs of their employees at work. Finally, most firms reported they had evaluated their layoff policies to determine whether they were equitable for all groups. The one remaining firm of the 25, Interpublic Group, did not provide us with information to determine whether it adheres to standards of fair employment. State retirement system investments in this firm had a market value of \$1.0 million.

Background

Discord in Northern Ireland between Catholic and Protestant groups is the result of centuries of struggle between residents of Irish descent and those of British descent. In its publication, *The MacBride Principles and U.S. Companies in Northern Ireland*, the Investor Responsibility Research Center (IRRC) estimates that Catholics account for between 38.0 and 42.5 percent of the population.¹ In addition, the IRRC cites a 1987 report by the Northern Ireland Standing Advisory Commission on Human Rights that states that Catholic men are twice as likely to be unemployed as Protestant men. The advisory commission's report attributes a significant portion of this disparity to direct and indirect religious discrimination. Past discrimination against Catholics in the work force is believed to have contributed to the higher Catholic unemployment rate, and there is concern that firms with business operations in Northern Ireland may be engaging in work practices that perpetuate this discrimination. In response to this concern, the Legislature requested the Office of the Auditor General to determine the extent to which U.S. firms with business operations in Northern Ireland are adhering to standards of fair employment. The Legislature is specifically interested in firms in which state retirement funds are invested.

¹The Investor Responsibility Research Center states it is an independent, nonprofit corporation that obtains information from businesses and analyzes information about social issues.

Principles of Fair Employment for Religious Minorities in Northern Ireland

According to the IRRC, in the early 1980's, before the British Parliament strengthened its fair employment law to promote fair employment in Northern Ireland, the New York City Comptroller's Office drafted nine principles of fair employment. These principles, known as the MacBride principles, were introduced to the public in 1984. In 1989, the British Parliament strengthened provisions of the existing 1976 Fair Employment Act by passing a new Fair Employment Act for Northern Ireland that generally addressed the issues identified earlier by the MacBride principles. The new act, which became effective January 1, 1990, requires firms in Northern Ireland to monitor the religious composition of their work force and currently applies to firms that have more than 25 employees in Northern Ireland.

The MacBride Principles of Fair Employment: According to the IRRC, the MacBride principles were drafted to promote fair employment by firms with business operations in Northern Ireland. However, after the nine MacBride principles were publicly introduced in 1984, they were controversial for several reasons. For example, the second principle called on firms, in part, to ensure employee safety while the employees traveled to and from work, but some critics opposed this principle because they believed it inappropriately required employers to do the job of law enforcement. Further, critics believed that the principles advocating minority recruiting, hiring, and training may encourage hiring quotas for minorities that would discriminate against qualified candidates from the majority religion. This would be against British law, which does not allow preferential treatment for anyone based on their religion.

The IRRC further states that, as a result of the controversy, the MacBride principles were amplified in 1986 to clarify that recruiting, hiring, and training programs should not discriminate against any religious group. The following is a summary of the nine amplified principles:

1. Employers who subscribe to the principles should make every effort to increase representation of underrepresented religious groups at every level of the work force, including the managerial, supervisory, administrative, clerical, and technical levels.
2. Employers should make reasonable efforts to provide security to protect minority employees, both at the workplace and while traveling to and from work.
3. Employers should ban the display of provocative religious or political emblems in the workplace.
4. All job openings should be publicly advertised and a special effort should be made to recruit employees from underrepresented religious groups. However, this should not reduce job opportunities for nonminority applicants.
5. Layoff, recall, and termination procedures should not favor one religious group over another. Layoff based solely on seniority can result in discrimination if employees with the greatest seniority are disproportionately from one religious group.
6. Employers should make efforts to eliminate employment criteria that discriminate against religious minorities. For example, criteria that favor relatives of existing employees may be discriminatory.
7. Employers should develop training programs to upgrade and improve the skills of minority employees. However, these programs should not discriminate against any employee.

8. Employers should establish procedures to actively recruit minority employees with potential for further advancement. However, these procedures should apply to all employees equally.
9. Employers should appoint a member of senior management to oversee affirmative action efforts, should set up timetables to carry out affirmative action goals, and should annually report progress to an outside monitoring agency.

Current British Fair Employment Law: The new Fair Employment Act generally addressed the issues identified earlier in the MacBride principles and also established for Northern Ireland the Fair Employment Commission (commission) to implement the law and establish a Code of Practice and the Fair Employment Tribunal to judge complaints.

The new act, which became effective January 1, 1990, requires firms in Northern Ireland to monitor the religious composition of their work force and currently applies to firms that have more than 25 employees in Northern Ireland. The act and the Code of Practice include the following provisions:

1. In 1990, each firm with more than 25 employees must register with the commission. Firms with 11 to 25 employees must register beginning January 1, 1992.
2. Firms with more than 25 employees must monitor and report to the commission the religious composition of their work force.
3. Firms with more than 250 employees must monitor and report to the commission the religious makeup of applicants for jobs.

4. Firms with more than 25 employees must review their recruiting, training, and promoting practices at least once every three years.
5. If a firm finds a need for affirmative action, it must consider setting goals and timetables to accomplish fair employment.
6. Firms are encouraged to follow the Code of Practice maintained by the commission to assist them in establishing fair employment practices.

The Fair Employment Act also includes the following sanctions for firms that do not comply:

- Loss of any government grants or contracts that a firm receives; and
- Damages up to £30,000 (approximately \$59,000) if the Fair Employment Tribunal finds that a firm discriminated in an individual case.

Scope and Methodology

The purpose of this review was to determine the extent to which U.S. firms with business operations in Northern Ireland adhere to principles of fair employment for religious minorities. We focused specifically on those firms in which state retirement funds were invested.

We analyzed the fair employment principles contained in both the Fair Employment Act and the MacBride principles of fair employment. From various sources, we then identified publicly held U.S. firms with business operations in Northern Ireland. Of these firms, we identified those in which state retirement funds were invested. However, we did not verify the accuracy or completeness of the investment information provided by the retirement systems.

We surveyed the firms identified above about their adherence to the fair employment principles. Five of the firms we surveyed had between 11 and 25 employees in Northern Ireland. These firms are not required under the Fair Employment Act to register with the commission or monitor the religious composition of their work force until January 1, 1992. Because the Fair Employment Act currently applies only to firms with business operations in Northern Ireland with more than 25 employees, we then limited our review to the 25 U.S. firms with more than 25 employees in Northern Ireland.

To determine whether the firms adhered to fair employment principles, we tabulated the firms' responses to our survey in addition to using information reported by other sources. These sources include the commission, which is responsible for monitoring firms' compliance with the Fair Employment Act, and the IRRC. We relied on the firms' own assessments of their adherence to principles of fair employment and did not verify their statements.

**Firms' Fair
Employment
Practices**

According to the commission, 1,796 firms with operations in Northern Ireland registered with the commission as of September 6, 1990. In addition, 1,683 of these firms filed reports with the commission monitoring the religious composition of their work force. Twenty-five of these firms are U.S. firms with 25 or more employees in which state retirement funds are invested. Eleven of the 25 firms had more than 250 employees. The majority of these larger firms are manufacturing concerns and produce products such as tobacco, automotive equipment, clothing, and medical supplies. Firms with 250 or fewer employees provide computer sales and services, advertising, marketing, and transport services.

State retirement system investments had a market value of more than \$76 billion and, according to the assistant chief executive officer of one system, are invested in approximately

3,500 firms. Approximately \$2.4 billion of these retirement investments are in the 25 U.S. firms. Attachment A lists the market value of state retirement system investments for each of the 25 U.S. firms we identified.

According to the commission, all 25 firms determined the religious composition of their work force and filed a monitoring report with the commission as required by the Fair Employment Act. Also, the commission reported that the 11 firms that had more than 250 employees monitored and reported the religious composition of applicants for jobs as required.

We surveyed the 25 firms and received replies from 24 firms (96 percent). Seventeen firms responded by answering all or most of the questions in our survey while 7 firms responded with a letter. Each of the 24 firms reported that they adhered to standards of fair employment for both Catholics and Protestants. The one remaining firm, Interpublic Group, did not provide us with information to determine whether it adheres to standards of fair employment. State retirement system investments in this firm had a market value of \$1.0 million. See Attachment B for a copy of the fair employment survey we sent to each firm.

The following sections summarize information provided to us or to the IRRC by the 24 firms. The information relates to the firms' monitoring of their affirmative action programs, their assessment of the need for affirmative action, their fairness in recruiting, hiring, and training, their provision of a safe work environment, and their layoff procedures.

Monitoring of Affirmative Action

The Fair Employment Act encourages firms to follow the guidance of the Code of Practice, maintained by the commission. The Code of Practice describes certain actions that firms can take to promote equality of opportunity. One of the recommended

actions is that a firm allocate overall responsibility for implementation of its fair employment policy to a senior manager.

Sixteen of the 24 firms that responded to our survey reported that they had assigned someone on their senior management staff to oversee their affirmative action program. For example, 2 firms assigned responsibility to the plant manager. Another firm stated, "The Country Personnel Manager for Ireland, who is a member of the senior management team for Ireland, has overall responsibility for this area." Four firms reported that they had not assigned responsibility to a senior manager, and four firms did not report whether they had assigned responsibility to a senior manager.

In addition, the Fair Employment Act requires firms to complete a detailed review of their recruiting, training, and promoting practices. Twelve firms reported that they had already completed this review even though the review is required only once every three years and the Fair Employment Act only became effective on January 1, 1990. The remaining firms have until December 31, 1992, to complete the required review.

Need for Affirmative Action

The Code of Practice requires that firms review the religious composition of their work force to determine whether affirmative action is necessary to ensure fair employment for both Catholics and Protestants. If a firm identifies a need for affirmative action, the Code of Practice recommends that employers consider setting goals and timetables.

Four of the 24 firms that responded to our survey reported a need for affirmative action. However, only one of the 4 firms had developed affirmative action goals or timetables. This firm reported that it had made progress toward its goals.

Thirteen of the 24 firms (54 percent) that responded to our survey reported that the religious composition of their work force was balanced. Four of these firms reported that they had no affirmative action recruiting procedures while 2 firms did not specifically address this issue. The other 7 of the 13 firms have developed affirmative action procedures for recruiting new employees.

Fairness in Recruiting, Hiring, and Training

To ensure fairness, the Code of Practice recommends that firms' recruitment of new employees be systematic and objective. The Code of Practice recommends the use of application forms, public advertising of jobs, and job descriptions. Selection criteria should be clearly defined, and hiring decisions should be documented.

Sixteen of the 24 firms reported that they have evaluated their employment criteria to ensure that they do not unfairly discriminate against religious minorities. Six of these firms stated they made changes in job criteria as a result of their evaluation. Some of the changes mentioned by these 6 firms included modifying job application forms, training interviewers, and no longer relying on word of mouth for recruitment of candidates for employment. In addition, 15 of the 24 firms reported that they advertised all job openings while 2 of the 24 firms reported that they advertised externally only if they could not fill jobs internally.

One large firm that reported a balanced work force described to the IRRC the following process for selecting new employees:

All applicants must complete a standard application form, which is issued only in response to published vacancies. A company officer removes the religious affiliation and references before sending the application to the personnel department. No applicant is hired

without a formal interview, conducted by two company officials, one from the personnel department and one from the department doing the hiring. A standard assessment sheet is used for evaluating job candidates, and a written record is kept of the decisions for 12 months.

In addition to ensuring fair recruiting and hiring procedures, some firms reported that they took positive steps to increase minority representation in their work force. Of the 10 firms that developed procedures for affirmative action in recruitment of minority employees, 7 of them believe that their procedures were effective.

Three firms stated they had affirmative action training programs, and all 3 firms believed that their training programs were effective. For example, one firm stated that it has developed a technical trainee program for current employees between the ages of 16 and 19 to prepare both Catholic and Protestant youth for skilled jobs as they become available.

Provision of a Safe Work Environment

The Code of Practice recommends that employers promote a working environment where no worker feels threatened or intimidated because of his religious beliefs. The Code of Practice recommends that employers state such policies and practices in writing and make it clear that breaches of policy can lead to disciplinary actions.

Sixteen of the 24 firms that responded to our survey reported that they had assessed or provided for the security needs of their employees at work, and 2 firms had made changes in their security as a result of the assessment. Five firms also reported that they had made evaluations of their employees' safety while traveling to and from work. However, 3 firms remarked that this was the responsibility of law enforcement, and 5 firms commented that their employees had never experienced any

security incidents or problems. For example, one large firm stated: "There have been no incidents involving the security of employees traveling to and from work. We consider it a civil authority responsibility, where necessary, to ensure the security of employees traveling to and from work. The company provides a secure factory environment."

Eighteen of the 24 firms that responded to our survey reported that they do not allow provocative religious or political emblems in the workplace. In March 1989, 3 of these firms committed themselves to an agreement with their union. The agreement stated that "intimidation or harassment should be regarded as an offense of gross misconduct which may warrant dismissal." In addition, 10 of the 24 firms reported that they had procedures for employees to file complaints if the employees believe the policies have been violated. Only 2 firms stated that they had no policy banning provocative religious or political emblems in the workplace. One of these 2 firms stated that "a specific policy on this issue has not been determined to be necessary."

Equity in Layoff Procedures

The Code of Practice encourages employers to assess the effect of their layoff policy on affirmative action since recent gains in employment by underrepresented groups are likely to be affected if layoff is based on seniority. The Code of Practice suggests that other criteria such as skills, qualifications, or disciplinary records be considered.

Sixteen of the 24 firms reported that they had evaluated their layoff policies to determine whether they were equitable to all groups although only one of the firms reported that it had made changes based on the evaluation. Further, 6 of the 24 firms reported that their layoff policies were based on seniority although only 3 of these 6 firms reported that they had union agreements that required using the seniority method.

With regard to the actual layoff of employees, 2 firms reported that they had not laid-off any employees while 3 other firms stated that most or all layoffs were done on a voluntary basis.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this letter report.

Respectfully submitted,

KURT R. SJOBERG
Auditor General (Acting)

Attachments

- A** Market Value of 1990 State Retirement System Investments in United States' Firms With More Than 25 Employees in Northern Ireland
- B** P-040
Fair Employment Survey

**Response to
the Audit**

State and Consumer Services Agency

Attachment A

Market Value of 1990 State Retirement System Investments in United States' Firms With More Than 25 Employees in Northern Ireland

Names of 25 Firms	Number of Northern Ireland Employees	State Teachers' Retirement System as of August 31	Public Employees' Retirement System as of June 29	Legislators' Retirement System as of June 29	Total
Du Pont	1,684	\$ 0	\$ 52,306,641	\$ 0	\$ 52,306,641
American Brands	1,675	36,084,927	53,451,337	0	89,536,264
Ford Motor Company	718	97,002,751	326,875,454	457,440	424,335,645
United Technologies	598	0	3,383,475	0	3,383,475
VF Corporation	453	5,644,787	11,991,375	0	17,636,162
NACCO Industries	444	2,169,125	3,497,375	0	5,666,500
American Home Products	310	66,629,712	162,650,250	325,500	229,605,462
Data-Design Laboratories	297	54,974	0	0	54,974
Baker Hughes	283	0	63,781,775	0	63,781,775
3M	268	0	19,923,750	0	19,923,750
Teleflex	259	1,614,685	3,794,900	0	5,409,585
Interface	144	702,216	3,818,125	0	4,520,341
Ball Corporation	138	3,713,941	4,538,025	0	8,251,966
NYNEX Corporation	120	115,886,472	180,806,983	0	296,693,455
Federal Express	110	7,602,097	19,158,850	0	26,760,947
Digital Equipment	72	32,902,070	91,579,000	0	124,481,070
Marsh and McLennan Companies	72	23,930,311	43,517,250	0	67,447,561
IBM	55	255,840,318	531,494,150	0	787,334,468
Sonoco Products Company	41	5,102,448	24,600,300	0	29,702,748
Xerox Corporation	40	18,063,005	78,804,430	0	96,867,435
Oneida	37	434,630	0	0	434,630
Interpublic Group	35	1,021,800	0	0	1,021,800
McDonnell Douglas	32	10,542,262	11,596,050	0	22,138,312
Unisys	30	5,935,550	18,677,688	0	24,613,238
Tyco Laboratories	29	15,164,762	15,162,875	0	30,327,637
Total	7,944	\$706,042,843	\$1,725,410,058	\$782,940	\$2,432,235,841

Sources: Investment holding reports from the State Teachers' Retirement System, Public Employees' Retirement System, and Legislators' Retirement System, and correspondence from the Fair Employment Commission for Northern Ireland and the Investment Responsibility Research Center.

Attachment B

**Office of the Auditor General
660 J Street, Suite 300
Sacramento, California 95814
(916) 445-0255**

**P-040
FAIR EMPLOYMENT SURVEY**

The questions in this survey refer to the Fair Employment Act (Northern Ireland) 1989 Code of Practice (Code of Practice) or the nine MacBride Principles (Principle). The relevant section of the Code of Practice or the Principle number follow each question.

REGISTRATION AND REPORTING

1. Are you still operating in Northern Ireland? Yes ____ No ____
If Yes, how many employees do you have in Northern Ireland?
____ 10 or less ____ 11 to 25 ____ 26 to 250 ____ more than 250

2. Is your firm adhering to standards of fair employment encompassed in the Fair Employment Act (Northern Ireland) 1989 and the MacBride Principles of Fair Employment?
Yes ____ No ____
Comments: _____

3. The Fair Employment Act (Northern Ireland) 1989 requires employers of more than 25 employees to register with the Fair Employment Commission (FEC). Has your operation in Northern Ireland registered with the FEC? (Source: Code of Practice, Section 5.1)
Yes ____ No ____ Not Required ____
If Yes, date of registration: _____
Comments: _____

4. The Fair Employment Act (Northern Ireland) 1989 requires employers of more than 25 employees to monitor the religious composition of their workforce and submit an annual monitoring return to the FEC. If applicable, have you filed a monitoring return concerning the composition of your workforce in Northern Ireland with the FEC? (Source: Code of Practice, Section 5.1 and Principle 9)
Yes ____ No ____ Not Required ____
If Yes, date of filing: _____

Attachment B continued

5. The Fair Employment Act (Northern Ireland) 1989 requires employers with more than 250 employees to monitor the religious composition of job applicants and submit an annual monitoring return to the FEC. If applicable, have you filed this return with the FEC? (Source: Code of Practice, Section 5.1 and Principle 9)

Yes _____ No _____ Not Required _____

If Yes, date of filing: _____

MONITORING

6. Do you have an internal monitoring system to identify underrepresented religious groups at each level of employment in your company? (Source: Code of Practice, Section 6.3 and Principle 1)

Yes _____ No _____

If Yes, please attach a copy of your monitoring procedures.

Comments: _____

7. The Fair Employment Act (Northern Ireland) 1989 defines “affirmative action” as action designed to secure fair participation in employment by members of the Protestant or Roman Catholic community in Northern Ireland. Have you identified a need for affirmative action? (Source: Code of Practice, Section 6.5 and Principle 9)

Yes _____ No _____

Comments: _____

8. Have you agreed to report annually your company’s affirmative action progress to an independent monitoring agency? (Source: Code of Practice, Section 5.1 and Principle 9)

Yes _____ No _____

Comments: _____

9. Have you developed any affirmative action goals or timetables? (Source: Code of Practice, Section 6.6 and Principle 9)

Yes _____ No _____

If Yes, do you believe that you have made progress toward those goals? (Source: Code of Practice, Section 2.2 and Principle 1)

Yes _____ No _____

Comments: _____

Attachment B continued

10. Have you assigned someone on your senior management staff to oversee your affirmative action efforts? (Source: Code of Practice, Section 5.2 and Principle 9)

Yes _____ No _____

Comments: _____

11. The Fair Employment Act (Northern Ireland) 1989 requires the employer to review, at least once every three years, both employment composition and practices (i.e. recruitment, training, and promotion practices). Have you performed such a review as of this date? (Source: Code of Practice, Section 5.1)

Yes _____ No _____

Comments: _____

HIRING

12. Have you developed procedures to identify and recruit employees from underrepresented religious groups? (Source: Code of Practice, Section 5.3 and Principle 4 and 8)

Yes _____ No _____

If yes, do you believe they have been effective? (Source: Code of Practice, Section 2.2 and Principle 1)

Yes _____ No _____

Comments: _____

13. Do you publicly advertise all job openings? (Source: Code of Practice, Section 6.5 and Principle 4)

Yes _____ No _____

Comments: _____

14. Have you evaluated your employment criteria, including education requirements, apprenticeships or preferences for relatives and friends of existing employees to determine that these criteria do not unfairly discriminate against minority groups? (Source: Code of Practice, Section 6.5 and Principle 6)

Yes _____ No _____

If Yes, have you made any changes as a result of this evaluation?

Yes _____ No _____

Comments: _____

Attachment B continued

WORK ENVIRONMENT

15. Have you made an assessment of the security needs of your employees at work? (Source: Code of Practice, Section 5.2 and Principle 2)

Yes _____ No _____

If Yes, have you made any changes as a result of this evaluation?

Yes _____ No _____

Comments: _____

16. Have you made an assessment of the security needs of your employees while travelling to and from work? (Source: Principle 2)

Yes _____ No _____

If Yes, have you made any changes as a result of this evaluation?

Yes _____ No _____

Comments: _____

17. Have you established a written policy banning provocative religious or political emblems in the workplace? (Source: Code of Practice, Section 5.2 and Principle 3)

Yes _____ No _____

If Yes, have you developed procedures for employees to file complaints if they believe the policy has been violated?

Yes _____ No _____

If Yes, please attach a copy of those procedures.

Comments: _____

TRAINING AND LAY-OFF

18. Have you developed any specific affirmative action training programs? (Source: Code of Practice, Section 6.5 and Principle 7)

Yes _____ No _____

If Yes, do you believe that they have been effective? (Source: Code of Practice, Section 2.2 and Principle 1)

Yes _____ No _____

Comments: _____

Attachment B continued

19. Have you evaluated your lay-off policy to determine if it is equitable to all groups? (Source: Code of Practice, Section 6.5 and Principle 5)

Yes ____ No ____

If Yes, have you made any changes as a result of this evaluation? Yes ____ No ____

Comments: _____

20. Do you lay-off employees based on seniority? (Source: Code of Practice, Section 6.5 and Principle 5)

Yes ____ No ____

If Yes, is this a union contract requirement? Yes ____ No ____

Please attach a copy of your lay-off procedures.

Comments: _____

Name (Please Print)

Title

Phone Number

Date

Memorandum

To: Kurt R. Sjoberg
Acting Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Date: December 12, 1990

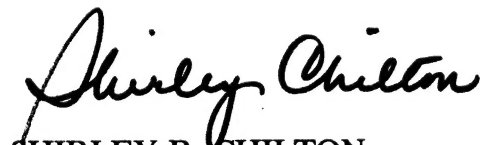
From: Office of the Secretary
(916) 323-9493
ATSS473-9493

Subject:

RESPONSE TO AUDITOR GENERAL REPORT NO. P040

Thank you for the opportunity to review your Report P-040 entitled "A Review of Adherence to Standards of Fair Employment by 25 United States Firms with Business Operations in Northern Ireland." Although there are no recommendations in this report, you may find the attached comments from the State Teachers' Retirement System of interest. The Public Employees Retirement System advises that they have reviewed the report and see no problem with the material presented, although no formal written response has been provided.

If you need further information or assistance on this issue, you may wish to have your staff contact James D. Mosman of the State Teachers' Retirement System at 387-3700 or Dale Hanson of the Public Employees' Retirement System at 326-3829.


SHIRLEY R. CHILTON
Secretary of the Agency

SRC:mb

cc: James D. Mosman, State Teachers' Retirement System
Dale Hanson, Public Employees' Retirement System



P.O. BOX 15275-C

SACRAMENTO, CALIFORNIA 95851



(916) 387-3700

December 11, 1990

Ms. Shirley Chilton
Secretary of the Agency
State and Consumer Services Agency
915 Capitol Mall, Room 200
Sacramento, CA 95814

Dear Ms. Chilton:

You have requested comments from the State Teachers' Retirement System (STRS) relative to a draft report from the Office of the Auditor General entitled "A Review of Adherence to Standards of Fair Employment by 25 United States' Firms with Business Operations in Northern Ireland."

STRS has no comments at this time concerning either the scope and methodology or the findings of the report. We assume the study was done in a professional manner and that the findings are accurate. The report does not appear to mandate or even suggest any action on the part of STRS.

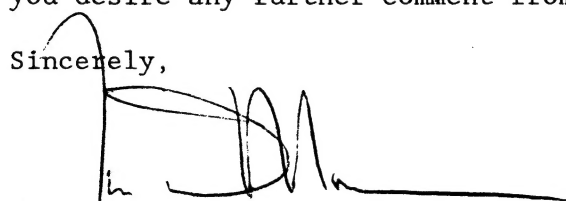
We would like to point out one discrepancy in Attachment A of the report relating to our holdings in one of the 25 firms. The attachment states that as of August 31 our holdings in the Teleflex firm amounted to \$1,614,685.① For some reason our current information shows the correct position on August 31 was \$1,670,797. As the data on all other firms is correct, we cannot explain the discrepancy for Teleflex.

We would also like to note for the record that, as a matter of policy, STRS has supported shareholder resolutions which advocate adoption of the MacBride principles. We have not, however, taken any action with regard to companies which have not adopted such principles.

We are pleased that the Auditor General's draft report seems to indicate, at least with regard to American firms with 25 or more employees, that positive steps are being taken to improve affirmative action efforts in the subject companies.

Thank you for requesting our comments regarding the draft report. Let me know if you desire any further comment from STRS.

Sincerely,



JAMES D. MOSMAN
Chief Executive Officer

① The Office of the Auditor General's comment: The amount shown for Teleflex in Attachment A, as of August 31, 1990, was provided to us by STRS.